

Message Text

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ACTION SNM-02

INFO OCT-01 AF-06 ISO-00 EB-07 TRSE-00 AID-05 OMB-01 SP-02

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FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 4288

LIMITED OFFICIAL USE KINSHASA 7886

E.O. 11652: N/A

TAGAS: EFIN, ECON, CG

SUBJECT: INABILITY OF GOZ TO MAKE PAYMENTS

REF: STATE 204769

1. I TALKED TO BISENGIMANA AGAIN TODAY, AUGUST 28, AND THERE IS NO QUESTION THAT HE IS COMPLETELY AWARE OF THE NECESSITY TO KEEP THE BANKS INFORMED OF ZAIRE'S INTENTIONS AS REGARDS MEDIUM AND LONG-TERM DEBT PAYMENTS. I FLOATED THE PROPOSAL SUGGESTED IN PARAGRAPH REFTEL THAT MOBUTU MIGHT INSTRUCT HIS DELEGATES TO THE IMF/IBRD MEETINGS TO CONTACT FRIEDMAN. BISENGIMANA INTERRUPTED TO SAY THAT HE HAD ALREADY DONE BETTER THAN THAT.

2. AT THIS MOMENT, BISENGIMANA SAID, MINISTER OF FINANCE BOFOSSA IS Picing UP A LETTER FROM PRESIDENT MOBUTU WHICH HE WILL CARRY TO THE IMF/IBRD MEETINGS. THE LETTER BEGINS BY EXPLAINING THAT ZAIRE HAS ACCEPTED THE IMF STABILIZATION PROGRAM AND IS ESTABLISHING A STABILIZATION COMMISSION. IT CONTINUES TO OUTLINE THE AUSTERITY AND OTHER MEASURES DESIGNED TO GET ZAIRE THROUGH ITS TIME OF CRISIS AND RECOGNIZES THE NECESSITY TO MEET MEDIUM AND LONG-TERM DEBT SERVICE

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PAYMENTS. THE LETTER, SIGNED BY MOBUTU, ALSO GIVES

BOFOSSA AUTHORITY TO INVITE FRIEDMAN AND ALL RPT ALL OTHER PRIVATE BANKERS ATTENDING THE IMF/IBRD MEETINGS TO VISIT ZAIRE ON MOBUTU'S PERSONAL INVITATION. THEY WILL BE RECEIVED BY THE PRESIDENT, SHOWN THE BOOKS, ALLOWED TO DISCUSS WITH OFFICIALS AT ALL LEVELS INCLUDING THE STABILIZATION COMMISSION SO THAT THEY CAN UNDERSTAND WHAT ZAIRE IS DOING AND HOW IT INTENDS TO WORK ITS WAY OUT OF THE CRISIS.

3. I SAID THAT WHAT PRESIDENT MOBUTU HAD DONE WAS A MASTER STROKE AND WAS JUST RIGHT. I ASKED BISENGIMANA IF IT WOULD BE USEFUL IF AMBASSADOR VANCE GOT INTO THE ACT AND HE ABSOLUTELY SAID CELA VA SANS DIRE--TELL VANCE THAT HE HAS THE AUTHORITY TO INVITE OTHER BANKERS NOT PRESENT AT THE IMF/IBRD MEETINGS. I ENDED THE CONVERSATION BY UNDERLINING THE IMPORTANCE OF FNCB AND THE KEY ROLE THAT FRIEDMAN COULD PLAY, NOT ONLY VIS-A-VIS FNCB-LED SYNDICATES BUT WITH OTHER MAJORS AS WELL.

4. I WOULD APPRECIATE FEED-BACK ON HOW THIS INITIATIVE IS PROGRESSING IN WASHINGTON SO THAT, IF NECESSARY, I CAN ASK FOR BISENGIMANA'S HELP IN FURTHER MOVING THINGS ALONG.
WALKER

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